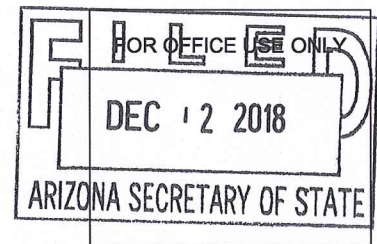




STATE OF ARIZONA

Application for Serial Number
Initiative Petition
A.R.S. § 19-111



The undersigned intends to circulate and file an initiative petition and hereby makes application for the issuance of an official serial number to be printed in the lower right-hand corner of each side of each signature sheet of such petition. Attached hereto is the full title and text, in no less than eight point type, of the measure or constitutional amendment intended to be initiated at the next general election.

☒ **Statutory Measure**

☐ **Constitutional Amendment**

Date of Application

12/12/2018

Signatures Required

237,645

Deadline for Filing

July 2, 2020

Serial Number Issued

I-05-2020

Lowers the drinking age in Arizona to 18 years of Age , creates a 30 percent tax for those under 21 of age on acholic beverages. This tax shall go to state roads and local municipalities

James Leamon

Name of Applicant

62 E Evelyn Ln

Address

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City

State

Zip

(215)390-3166

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E-mail Address

Arizonians For Tomorrow

Committee Name

202000007

Committee ID No.

James Leamon

Chairperson

Codey Tamez

Treasurer

62 E Evelyn Ln

Committee Address

Tempe AZ 85284

City

State

Zip

(215)-390-3166

Committee Telephone Number

az4tomorrow@gmail.com

Committee E-mail Address

By submitting this Application for Serial Number and checking all boxes below, I acknowledge the following:



That I have read and understand the accompanying Instructions for Statewide Initiatives, including the Secretary of State's recommended best practices for printing copies of the Statewide Initiative Petition to be circulated.



That at the time of filing, I was provided instructions regarding accurate completion of the electronic Statewide Initiative Petition form.

Applicant Signature

12/09/2018

Date

AN INITIATIVE

AMENDING SECTIONS 4-101, 4-203, 4-203.04, 4-205.04, 4-241 AND 4-244 ARIZONA REVISED STATUTES;; AMENDING TITLE 4, CHAPTER 2, ARTICLE 41, ARIZONA REVISED STATUTES, BY ADDING A NEW SUBSECTION; 7 AND 8 RELATING TO LIQUOR AGE, SALE, ENFORCEMENT AND PENALTIES.

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 4-101, Arizona Revised Statutes, is amended to read:

4-101. Definitions

In this title, unless the context otherwise requires:

1. "Act of violence":

(a) Means an incident consisting of a riot, a fight, an altercation or tumultuous conduct:

(i) In which bodily injuries are sustained by any person and the injuries would be obvious to a reasonable person.

(ii) Of sufficient intensity as to require the intervention of a peace officer to restore normal order.

(iii) In which a weapon is brandished, displayed or used.

(iv) Where a licensee or an employee or contractor of the licensee fails to follow a clear and direct order from a law enforcement officer or a fire marshal.

(b) Does not include the use of nonlethal devices by a peace officer.

2. "Aggrieved party" means a person who resides at, owns or leases property within a one-mile radius of a premises proposed to be licensed and who filed a written request with the department to speak in favor of or opposition to the issuance of the license no later than sixty days after the filing of the application or fifteen days after action by the local governing body, whichever is sooner.

3. "Beer" means any beverage obtained by the alcoholic fermentation, infusion or decoction of barley malt, hops, or other ingredients not drinkable, or any combination of them.

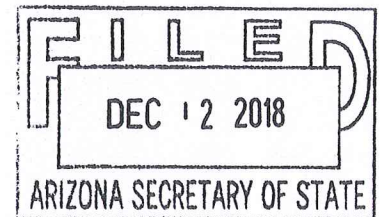
4. "Board" means the state liquor board.

5. "Bona fide guest" means:

(a) An individual who is personally familiar to the member, who is personally sponsored by the member and whose presence as a guest is in response to a specific and personal invitation.

(b) In the case of a club that meets the criteria prescribed in paragraph 7, subdivision (a) of this section, a current member of the armed services of the United States who presents proper military identification and any member of a recognized veterans' organization of the United States and of any country allied with the United States during current or past wars or through treaty arrangements.

6. "Broken package" means any container of spirituous liquor on which the United States tax seal has been broken or removed, or from which the cap, cork or seal placed thereupon by the manufacturer has been removed.



DEC 12 2018

ARIZONA SECRETARY OF STATE

7. "Club" includes any of the following organizations where the sale of spirituous liquor for consumption on the premises is made only to members, spouses of members, families of members, bona fide guests of members and guests at other events authorized in this title:

(a) A post, chapter, camp or other local unit composed solely of veterans and its duly recognized auxiliary that has been chartered by the Congress of the United States for patriotic, fraternal or benevolent purposes and that has, as the owner, lessee or occupant, operated an establishment for that purpose in this state.

(b) A chapter, aerie, parlor, lodge or other local unit of an American national fraternal organization that has, as the owner, lessee or occupant, operated an establishment for fraternal purposes in this state. An American national fraternal organization as used in this subdivision shall actively operate in at least thirty-six states or have been in active continuous existence for at least twenty years.

(c) A hall or building association of a local unit mentioned in subdivisions (a) and (b) of this paragraph, all of the capital stock of which is owned by the local unit or the members, and that operates the clubroom facilities of the local unit.

(d) A golf club that has more than fifty bona fide members and that owns, maintains or operates a bona fide golf links together with a clubhouse.

(e) A social club with more than one hundred bona fide members who are actual residents of the county in which it is located, that owns, maintains or operates club quarters, that is authorized and incorporated to operate as a nonprofit club under the laws of this state, and that has been continuously incorporated and operating for a period of at least one year. The club shall have had, during this one-year period, a bona fide membership with regular meetings conducted at least once each month, and the membership shall be and shall have been actively engaged in carrying out the objects of the club. The club's membership shall consist of bona fide dues-paying members paying at least six dollars per year, payable monthly, quarterly or annually, which have been recorded by the secretary of the club, and the members at the time of application for a club license shall be in good standing having for at least one full year paid dues. At least fifty-one percent of the members shall have signified their intention to secure a social club license by personally signing a petition, on a form prescribed by the board, which shall also include the correct mailing address of each signer. The petition shall not have been signed by a member at a date earlier than one hundred eighty days before the filing of the application. The club shall qualify for exemption from the payment of state income taxes under title 43. It is the intent of this subdivision that a license shall not be granted to a club that is, or has been, primarily formed or activated to obtain a license to sell liquor, but solely to a bona fide club, where the sale of liquor is incidental to the main purposes of the club.

(f) An airline club operated by or for airlines that are certificated by the United States government and that maintain or operate club quarters located at airports with international status.

8. "Company" or "association", when used in reference to a corporation, includes successors or assigns.

9. "Control" means the power to direct or cause the direction of the management and policies of an applicant or licensee, whether through the ownership of voting securities or a partnership interest, by agreement or otherwise. Control is presumed to exist if a person has the direct or indirect ownership of or power to vote ten percent or more of the outstanding voting securities of the applicant or licensee or to control in any manner the election of one or more of the directors of the applicant or licensee. In the case of a partnership, control is presumed to mean the general partner or a limited partner who holds ten percent or more of the voting rights of the partnership. For the purposes of determining the percentage of voting securities owned, controlled or held by a person, there shall be aggregated with the voting securities attributed to the person the voting securities of an officer,

partner, employee or agent of the person or a spouse, parent or child of the person. Control is also presumed to exist if a creditor of the applicant or licensee holds a beneficial interest in ten percent or more of the liabilities of the licensee. The presumptions in this paragraph regarding control are rebuttable.

10. "Controlling person" means a person directly or indirectly possessing control of an applicant or licensee.

11. "Craft distiller" means a distiller in the United States or in a territory or possession of the United States that holds a license pursuant to section 4-205.10.

12. "Department" means the department of liquor licenses and control.

13. "Director" means the director of the department of liquor licenses and control.

14. "Distilled spirits" includes alcohol, brandy, whiskey, rum, tequila, mescal, gin, absinthe, a compound or mixture of any of them or of any of them with any vegetable or other substance, alcohol bitters, bitters containing alcohol, fruits preserved in ardent spirits, and any alcoholic mixture or preparation, whether patented or otherwise, that may in sufficient quantities produce intoxication.

15. "Employee" means any person who performs any service on licensed premises on a full-time, part-time or contract basis with consent of the licensee, whether or not the person is denominated an employee, independent contractor or otherwise. Employee does not include a person exclusively on the premises for musical or vocal performances, for repair or maintenance of the premises or for the delivery of goods to the licensee.

16. "Farm winery" means a winery in the United States or in a territory or possession of the United States that holds a license pursuant to section 4-205.04.

17. "Government license" means a license to serve and sell spirituous liquor on specified premises available only to a state agency, state board, state commission, county, city, town, community college or state university or the national guard or Arizona coliseum and exposition center on application by the governing body of a state agency, state board, state commission, county, city, town, community college or state university or the national guard or Arizona exposition and state fair board.

18. "Legal drinking age" means ~~twenty-one years of age~~ EIGHTEEN YEARS OF AGE or older.

19. "License" means a license or an interim retail permit issued pursuant to this title.

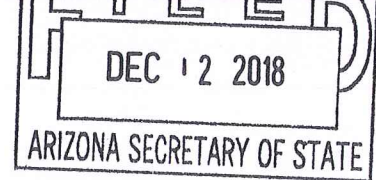
20. "Licensee" means a person who has been issued a license or an interim retail permit pursuant to this title or a special event licensee.

21. "License fees" means fees collected for license issuance, license application, license renewal, interim permit issuance and license transfer between persons or locations.

22. "Manager" means a natural person who meets the standards required of licensees and who has authority to organize, direct, carry on, control or otherwise operate a licensed business on a temporary or full-time basis.

23. "Microbrewery" means a brewery in the United States or in a territory or possession of the United States that meets the requirements of section 4-205.08.

24. "Off-sale retailer" means any person operating a bona fide regularly established retail liquor store selling spirituous liquors, wines and beer, and any established retail store selling commodities other than spirituous liquors and engaged in the sale of spirituous liquors only in the



original unbroken package, to be taken away from the premises of the retailer and to be consumed off the premises.

25. "On-sale retailer" means any person operating an establishment where spirituous liquors are sold in the original container for consumption on or off the premises or in individual portions for consumption on the premises.

26. "Permanent occupancy" means the maximum occupancy of the building or facility as set by the office of the state fire marshal for the jurisdiction in which the building or facility is located.

27. "Person" includes a partnership, limited liability company, association, company or corporation, as well as a natural person.

28. "Premises" or "licensed premises" means the area from which the licensee is authorized to sell, dispense or serve spirituous liquors under the provision of the license. Premises or licensed premises includes a patio that is not contiguous to the remainder of the premises or licensed premises if the patio is separated from the remainder of the premises or licensed premises by a public or private walkway or driveway not to exceed thirty feet, subject to rules the director may adopt to establish criteria for noncontiguous premises.

29. "Registered mail" includes certified mail.

30. "Registered retail agent" means any person who is authorized pursuant to section 4-222 to purchase spirituous liquors for and on behalf of himself and other retail licensees.

31. "Repeated acts of violence" means:

(a) For licensed premises with a permanent occupancy of two hundred or fewer persons, two or more acts of violence occurring within seven days or three or more acts of violence occurring within thirty days.

(b) For licensed premises with a permanent occupancy of more than two hundred but not more than four hundred persons, four or more acts of violence within thirty days.

(c) For licensed premises with a permanent occupancy of more than four hundred but not more than six hundred fifty persons, five or more acts of violence within thirty days.

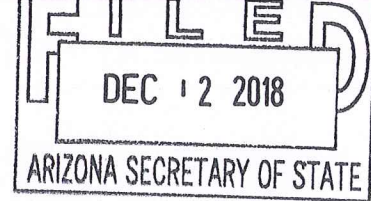
(d) For licensed premises with a permanent occupancy of more than six hundred fifty but not more than one thousand fifty persons, six or more acts of violence within thirty days.

(e) For licensed premises with a permanent occupancy of more than one thousand fifty persons, seven or more acts of violence within thirty days.

32. "Sell" includes soliciting or receiving an order for, keeping or exposing for sale, directly or indirectly delivering for value, peddling, keeping with intent to sell and trafficking in.

33. "Spirituous liquor" includes alcohol, brandy, whiskey, rum, tequila, mescal, gin, wine, porter, ale, beer, any malt liquor or malt beverage, absinthe, a compound or mixture of any of them or of any of them with any vegetable or other substance, alcohol bitters, bitters containing alcohol, any liquid mixture or preparation, whether patented or otherwise, which produces intoxication, fruits preserved in ardent spirits, and beverages containing more than one-half of one percent of alcohol by volume.

34. "Vehicle" means any means of transportation by land, water or air, and includes everything made use of in any way for such transportation.



35. "Vending machine" means a machine that dispenses merchandise through the means of coin, token, credit card or other nonpersonal means of accepting payment for merchandise received.

36. "Veteran" means a person who has served in the United States air force, army, navy, marine corps or coast guard, as an active nurse in the services of the American red cross, in the army and navy nurse corps in time of war, or in any expedition of the armed forces of the United States, and who has received a discharge other than dishonorable.

37. "Voting security" means any security presently entitling the owner or holder of the security to vote for the election of directors of an applicant or a licensee.

38. "Wine" means the product obtained by the fermentation of grapes, other agricultural products containing natural or added sugar or cider or any such alcoholic beverage fortified with grape brandy and containing not more than twenty-four percent of alcohol by volume.

Sec. 2. Section 4-203, Arizona Revised Statutes, is amended to read
4-203. Licenses; issuance; transfer; reversion to state

A. A spirituous liquor license shall be issued only after satisfactory showing of the capability, qualifications and reliability of the applicant and, with the exception of wholesaler, producer, government or club licensees, that the public convenience requires and that the best interest of the community will be substantially served by the issuance. If an application is filed for the issuance of a transferable or nontransferable license, other than for a craft distiller license, a microbrewery license or a farm winery license, for a location that on the date the application is filed has a valid license of the same series, or in the case of a restaurant license application filed for a location with a valid hotel-motel license, issued at that location, there shall be a rebuttable presumption that the public convenience and best interest of the community at that location was established at the time the location was previously licensed. The presumption may be rebutted by competent contrary evidence. The presumption shall not apply once the licensed location has not been in use for more than one hundred eighty days and the presumption shall not extend to the personal qualifications of the applicant.

B. The license shall be to manufacture, sell or deal in spirituous liquors only at the place and in the manner provided in the license. A separate license shall be issued for each specific business, and each shall specify:

1. The particular spirituous liquors that the licensee is authorized to manufacture, sell or deal in.
2. The place of business for which issued.
3. The purpose for which the liquors may be manufactured or sold.

C. A spirituous liquor license issued to a bar, a liquor store or a beer and wine bar shall be transferable as to any permitted location within the same county, if the transfer meets the requirements of an original application. A spirituous liquor license may be transferred to a person qualified to be a licensee, if the transfer is pursuant to either judicial decree, nonjudicial foreclosure of a legal or equitable lien, including security interests held by financial institutions pursuant to section 4-205.05, a sale of the license, a bona fide sale of the entire business and stock in trade, or other bona fide transactions that are provided for by rule. Any change in ownership of the business of a licensee, directly or indirectly, as defined by rule is deemed a transfer, except that there is no transfer if a new fictitious person is added to the ownership of a licensee's business but the controlling persons remain identical to the controlling persons that have been previously disclosed to the director as part of the licensee's existing ownership.

D. All applications for a new license pursuant to section 4-201 or for a transfer to a new location pursuant to subsection C of this section shall be filed with and determined by the director, except when the governing body of the city or town or the board of supervisors receiving an application pursuant to section 4-201 orders disapproval of the application or when the director, the state liquor board or any aggrieved party requests a hearing. The application shall then be presented to the state liquor board, and the new license or transfer shall not become effective unless approved by the state liquor board.

E. A person who assigns, surrenders, transfers or sells control of a liquor license or business that has a spirituous liquor license shall notify the director within thirty business days after the assignment, surrender, transfer or sale. A spirituous liquor license shall not be leased or subleased. A concession agreement entered into under section 4-205.03 is not considered a lease or sublease in violation of this section.

F. If a person other than those persons originally licensed acquires control over a license or licensee, the person shall file notice of the acquisition with the director within thirty business days after the acquisition of control and a list of officers, directors or other controlling persons on a form prescribed by the director. There is no acquisition of control if a new person is added to the ownership of a licensee's business but the controlling persons remain identical to the controlling persons that have been previously disclosed to the director as part of the licensee's existing ownership. All officers, directors or other controlling persons shall meet the qualifications for licensure as prescribed by this title. On request, the director shall conduct a preinvestigation before the assignment, sale or transfer of control of a license or licensee, the reasonable costs of which, not more than one thousand dollars, shall be borne by the applicant. The preinvestigation shall determine whether the qualifications for licensure as prescribed by this title are met. On receipt of notice of an acquisition of control or request of a preinvestigation, the director, within fifteen days after receipt, shall forward the notice of the acquisition of control to the local governing body of the city or town, if the licensed premises is in an incorporated area, or the county, if the licensed premises is in an unincorporated area. The director shall include in the notice to the local governing body written instructions on how the local governing body may examine, free of charge, the results of the department's investigation regarding the capabilities, qualifications and reliability of all officers, directors or other controlling persons listed in the application for acquisition of control. The local governing body, or the governing body's designee, may provide the director with a recommendation, either in favor of or against the acquisition of control, within sixty days after the director mails the notice, but section 4-201 does not apply to the acquisition of control provided for in this section. A local governing body may charge not more than one fee, regardless of the number of licenses held by the applicant, for review of one or more applications for acquisition of control submitted to the department at the same time and for the same entity. Within one hundred five days after filing the notice of the acquisition of control, the director shall determine whether the applicant is qualified, capable and reliable for licensure. A recommendation by the local governing body, or the governing body's designee, against the acquisition of control or denial by the director shall be set for a hearing before the board. The person who has acquired control of a license or licensee has the burden of an original application at the hearing, and the board shall make its determination pursuant to section 4-202 and this section with respect to capability, reliability and qualification.

G. A licensee who holds a license in nonuse status for more than five months shall be required to pay a one hundred dollar surcharge for each month thereafter. The surcharge shall be paid at the time the license is returned to active status. A license automatically reverts to the state after being held in continuous nonuse for more than thirty-six months. The director may waive the surcharge and may extend the time period provided in this subsection for good cause if the licensee files a written request for an extension of time to place the license in active status before the date of the automatic reversion. A license shall not be deemed to have gone into active status if the license is transferred to a location that at the time of or immediately before the transfer had an active license of the same type, unless the licenses are under common ownership or control.

H. A restructuring of a licensee's business is not an acquisition of control, a transfer of a spirituous liquor license or the issuance of a new spirituous liquor license if both of the following apply:

1. All of the controlling persons of the licensee and the new business entity are identical.
2. There is no change in control or beneficial ownership.

I. If subsection H of this section applies, the licensee's history of violations of this title is the history of the new business entity. The director may prescribe a form and shall require the applicant to provide the necessary information to ensure compliance with this subsection and subsections F and G of this section.

J. Notwithstanding subsection B of this section, the holder of a retail license having off-sale privileges may deliver spirituous liquor off of the licensed premises in connection with the sale of spirituous liquor. The licensee may maintain a delivery service and shall be liable for any violation committed in connection with any sale or delivery of spirituous liquor, provided that the delivery is made by an employee who is at least ~~twenty-one~~ EIGHTEEN years of age. The retail licensee shall collect payment for the price of the spirituous liquor no later than at the time of delivery. The director shall adopt rules that set operational limits for the delivery of spirituous liquors by the holder of a retail license having off-sale privileges. For the purposes of this subsection, an independent contractor or the employee of an independent contractor is deemed to be an employee of the licensee when making a sale or delivery of spirituous liquor for the licensee.

K. Except as provided in subsection J of this section, Arizona licensees may transport spirituous liquors for themselves in vehicles owned, leased or rented by the licensee.

L. Notwithstanding subsection B of this section, an off-sale retail licensee may provide consumer tasting of wines off of the licensed premises.

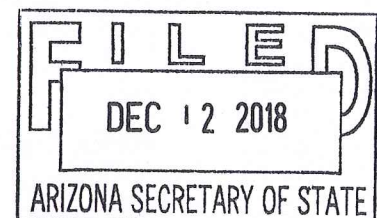
M. The director may adopt reasonable rules to protect the public interest and prevent abuse by licensees of the activities permitted such licensees by subsections J and L of this section.

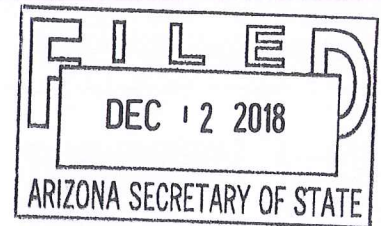
N. Failure to pay any surcharge prescribed by subsection G of this section or failure to report the period of nonuse of a license shall be grounds for revocation of the license or grounds for any other sanction provided by this title. The director may consider extenuating circumstances if control of the license is acquired by another party in determining whether or not to impose any sanctions under this subsection.

O. If a licensed location has not been in use for three years, the location must requalify for a license pursuant to subsection A of this section and shall meet the same qualifications required for issuance of a new license except when the director deems that the nonuse of the location was due to circumstances beyond the licensee's control and an extension of time has been granted pursuant to subsection G of this section.

P. If the licensee's interest is forfeited pursuant to section 4-210, subsection L, the location shall requalify for a license pursuant to subsection A of this section and shall meet the same qualifications required for issuance of a new license except when a bona fide lienholder demonstrates mitigation pursuant to section 4-210, subsection K.

Q. The director may implement a procedure for the issuance of a license with a licensing period of two years.





Sec. 3. Section 4-203.04, Arizona Revised Statutes, is amended to read:
4-203.04. Direct shipment license; issuance; fee; requirements; renewal; civil penalties; limitations; duties; violation; classification; applicability

A. The director may issue a direct shipment license to any winery that holds a federal basic permit issued by the United States alcohol and tobacco tax and trade bureau and a current license to produce wine issued by this state or any other state. A farm winery licensed pursuant to section 4-205.04 and a winery holding a producer's license or a limited producer's license issued by this state may also hold a direct shipment license.

B. A person shall apply for a direct shipment license on a form prescribed and provided by the director. The director may charge an application issuance fee to be used for administrative costs associated with the direct shipment license. An application for a direct shipment license shall include:

- 1. The address of the premises where the applicant's principal place of business is located.**
- 2. The name, address and telephone number of an officer of the applicant or an individual who is authorized to represent the applicant before the director.**
- 3. A complete and full disclosure by the applicant and by any officer, director, administrator or controlling person of the applicant of any criminal convictions in any state or foreign jurisdiction within the five years immediately preceding the application.**
- 4. The applicant's farm winery license, producer's license or limited producer's license number or, for a winery that is not currently licensed by this state, a copy of the winery's federal basic permit issued by the United States alcohol and tobacco tax and trade bureau and a copy of that winery's current license to produce wine that is issued by another state.**
- 5. The applicant's transaction privilege tax number issued by the department of revenue for the payment of transaction privilege taxes and luxury taxes on wine that is sold to purchasers in this state under the license.**

C. The director may refuse to issue a direct shipment license for good cause. The director may not issue a direct shipment license to any person who:

- 1. Has had a direct shipment license or any other license to deal in spirituous liquor revoked in this state or any other state within one year preceding the application.**
- 2. Has been convicted of a felony in this state or any other state or has been convicted of an offense in another state that would be a felony if convicted in this state within five years immediately preceding the application.**

D. A direct shipment license is valid for one year. Direct shipment licenses may not be transferred. A person that holds a direct shipment license may apply for a renewal before the expiration of the person's current license. The director may charge a license renewal fee to be used for administrative costs associated with the direct shipment license, auditing and enforcement.

E. After notice and a hearing pursuant to title 41, chapter 6, article 10, the director may suspend, revoke or refuse to renew a direct shipment license for any violation of this section or for good cause. Any act or omission of a person who makes a sale or delivery of wine for a licensee under subsection F of this section is deemed to be an act or omission of the licensee for the purposes of section 4-210, subsection A, paragraph 9. In lieu of suspension, revocation or refusal to renew a license, the director may impose a civil penalty pursuant to section 4-210.01 against a licensee for each violation of this

section. The licensee may appeal the finding or decision of the director to the board. The board may affirm, modify or reverse the finding or decision of the director.

F. Notwithstanding any other law, a licensee annually may sell and ship nine-liter cases of wine that is produced by the licensee directly to a purchaser in this state pursuant to all of the following:

1. The licensee may sell and ship:

(a) Until December 31, 2017, up to six nine-liter cases of wine.

(b) Beginning January 1, 2018 and until December 31, 2018, up to nine nine-liter cases of wine.

(c) Beginning January 1, 2019 and for each year thereafter, up to twelve nine-liter cases of wine.

2. The wine may be ordered by any means, including telephone, mail, fax or the internet.

3. The wine is for personal use only and not for resale.

4. Before shipping the wine, the licensee shall verify the age of the purchaser who is placing the order by obtaining a copy of the purchaser's valid photo identification as prescribed in section 4-241, subsection K demonstrating that the person is at least ~~twenty-one years~~ EIGHTEEN of age or by using an age verification service.

5. The wine may be shipped to a residential or business address but not to a premises licensed pursuant to this title.

6. All containers of wine shipped pursuant to this subsection shall be conspicuously labeled with the words "contains alcohol, signature of person age ~~21~~ EIGHTEEN or older required for delivery".

7. The licensee may not sell or ship wine to a purchaser pursuant to this subsection unless the purchaser could have carried the wine lawfully into or within this state.

8. The delivery must be made by a person who is at least ~~twenty-one~~ EIGHTEEN years of age.

9. The delivery must be made only during the hours of lawful service of spirituous liquor to a person who is at least ~~twenty-one~~ EIGHTEEN years of age.

10. The delivery must be made only after inspection of the valid photo identification as prescribed in section 4-241, subsection K of the person accepting delivery that demonstrates that the person is at least ~~twenty-one~~ EIGHTEEN years of age.

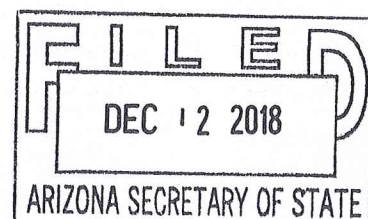
11. Payment for the price of the wine must be collected by the licensee not later than at the time of delivery.

G. A licensee shall:

1. Not later than January 31 of each year, file a report regarding the wine shipped to purchasers in this state during the preceding calendar year that includes the information required in paragraph 2 of this subsection.

2. Complete a record of each shipment at the time of shipment. The licensee shall ensure that the record provides the following information:

(a) The name of the licensee making the shipment.



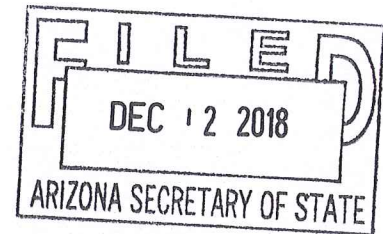
(b) The address of the licensee making the shipment.

(c) The license number.

(d) The date of shipment.

(e) The address at which delivery is to be made.

(f) The amount shipped.



3. On request, allow the director or the department of revenue to perform an audit of the records of wine shipped to purchasers in this state. The director may request the licensee submit records to demonstrate compliance with this section. The licensee shall maintain records of each shipment of wine made to purchasers in this state for two years.

4. Be deemed to have consented to the jurisdiction of the department, any other agency of this state, the courts of this state and all related laws, rules or regulations.

5. Pay the department of revenue all transaction privilege taxes and luxury taxes on sales of wine under the direct shipment license to purchasers in this state. For transaction privilege tax and luxury tax purposes, all wine sold pursuant to this section shall be deemed to be sold in this state.

6. Ship not more than the total number of nine-liter cases of wine authorized under subsection F, paragraph 1 of this section to any purchaser in this state in any calendar year for personal use.

H. A person who knowingly sells and ships wine directly to a purchaser in this state shall be deemed to have consented to the jurisdiction of the department, any other agency of this state, the courts of this state and all related laws, rules or regulations. A person who knowingly sells and ships wine directly to a purchaser in this state is guilty of a class 2 misdemeanor if either:

1. The person does not possess a current direct shipment license.

2. The person does not possess a current farm winery license for a winery that produces twenty thousand gallons or less of wine in the previous calendar year.

I. Section 4-201 does not apply to licenses issued pursuant to this section.

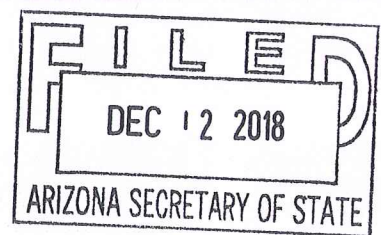
J. Common carriers, other than railroads as defined in section 40-201, that transport wine into and within this state shall:

1. Keep records of wine shipped to purchasers in this state, including the direct shipment licensee's name and address, the recipient's name and address, the shipment and delivery dates and the weight of wine shipped.

2. Remit the records kept pursuant to paragraph 1 of this subsection on request of the department.

K. Farm winery licensees under section 4-205.04 that produced twenty thousand gallons of wine or less in the preceding calendar year may ship wine directly to purchasers in this state pursuant to section 4-205.04 and are exempt from the requirements of this section, including the case limitations prescribed in subsection F of this section.

L. The director shall begin issuing direct shipment licenses pursuant to this section not later than January 1, 2017.



Sec. 4. Section 4-205.04, Arizona Revised Statutes, is amended to read

4-205.04. Farm winery license; issuance; regulatory provisions; retail site; fee

A. The director may issue a farm winery license to any person who meets the requirements of subsection C of this section. Each location that engages in producing or manufacturing these products must obtain a separate farm winery license. The licensee may not transfer the farm winery license from person to person or from location to location.

B. An applicant for a farm winery license, at the time of filing the application for the license, shall accompany the application with the license fee. Persons holding a farm winery license shall report annually at the end of each calendar year, at the time and in the manner as the director prescribes, the amount of wine produced or manufactured by them during the calendar year. In addition to any provision of this title, if the total amount of wine produced or manufactured during the year exceeds the amount permitted annually by the license, the licensee shall apply for and receive a producer's license only on surrender of the farm winery license or licenses.

C. A person may be licensed as a farm winery to sell wine produced or manufactured if in a calendar year it produces at least two hundred gallons and not more than forty thousand gallons of wine and if the winery either holds a winery permit issued by the United States alcohol and tobacco tax and trade bureau or has a contract pursuant to subsection E of this section for the production or manufacturing of wine from grapes or other fruit grown on at least five producing acres of land owned or controlled by the applicant and the land has been devoted to fruit growing for at least three consecutive calendar years. A licensed farm winery may make sales and deliveries of wine only as specifically provided in this section and as follows:

1. A licensed farm winery may make sales and deliveries of wine to wholesalers licensed to sell wine under this title.

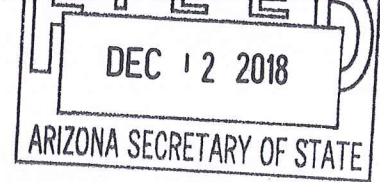
2. A licensed farm winery may serve wine produced or manufactured on the premises for the purpose of sampling the wine. The wine may include wine produced pursuant to subsections D and E of this section.

3. A representative of the licensed farm winery may consume small amounts of the products of the licensed farm winery on the premises for the purpose of sampling the wine. The wine may include wine produced pursuant to subsections D and E of this section.

4. A licensed farm winery may sell to a consumer physically present on the premises wine produced or manufactured on the premises in the original container for consumption on or off the premises. The wine may include wine produced pursuant to subsections D and E of this section.

5. A licensed farm winery may purchase and sell wine produced, packaged and labeled by another licensed farm winery for sampling and consumption on or off the premises only if the retail sale is to a consumer physically present on the premises of the farm winery, except that the sales of wine produced, packaged and labeled by another winery may not exceed twenty percent of the farm winery's sales by volume. The percentage limitation shall not apply to wine produced pursuant to subsections D and E of this section.

6. If the licensed farm winery is not otherwise engaged in the business of a distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor in any jurisdiction, the licensed farm winery may hold licenses prescribed in section 4-209, subsection B, paragraph 12 on the licensed farm winery premises or other retail premises. Except as provided in paragraph 5 of this subsection, the licensed farm winery shall purchase all other spirituous liquor for sale at the on-sale retail premises from wholesalers that are licensed in this state, except that a licensed farm winery may:



(a) Purchase wine from other farm wineries pursuant to paragraph 7 of this subsection.

(b) Make deliveries of the wine that the farm winery produces to the farm winery's own commonly controlled retail licensed premises.

7. A licensed farm winery that produces not more than twenty thousand gallons of wine in a calendar year may make sales and deliveries of the wine that the licensed farm winery produces to on-sale and off-sale retailers.

8. Notwithstanding section 4-244, paragraphs 3 and 7, an on-sale or off-sale retailer may purchase and accept delivery of wine from a licensed farm winery pursuant to paragraph 7 of this subsection.

9. A licensed farm winery that produces not more than twenty thousand gallons of wine in a calendar year may make sales and deliveries of wine that the licensed farm winery produces to consumers off of the licensed premises and that is ordered by telephone, mail, fax or catalogue, through the internet or by other means if all of the following apply:

(a) The purchaser of the wine provided the licensed farm winery with verification of the purchaser's legal age to purchase alcohol.

(b) The shipping container in which the wine is shipped is marked to require the signature on delivery of an adult who is of legal age to purchase alcohol and delivery confirmation.

(c) The wine is for personal use only and not for resale.

(d) The wine is delivered by the licensed farm winery or shipped by the licensed farm winery by a common carrier to a residential or business address other than a premises licensed pursuant to this title.

(e) The purchaser could have carried the wine lawfully into or within this state.

(f) The delivery is made by a person who is at least ~~twenty-one~~ EIGHTEEN years of age.

(g) The farm winery collects payment for the price of the spirituous liquor no later than at the time of delivery.

10. A licensed farm winery may make sales and deliveries as expressly permitted by sections 4-203.03, 4-203.04 and 4-244.04.

D. On application by one or more persons, the director may approve applications for grouping two or more farm winery licenses at one location under a plan of alternating proprietorships if a licensed winery has received approval of the alternating proprietorship by the United States alcohol and tobacco tax and trade bureau and the participating wineries operate under the regulations and guidelines that are issued by the United States alcohol and tobacco tax and trade bureau. Each participating winery is responsible for filing all reports that relate to its wine production or manufacturing with the United States alcohol and tobacco tax and trade bureau and the department.

E. A person otherwise qualified to receive a farm winery license may enter into a custom crush arrangement where a licensed winery produces or manufactures wine from grapes or other fruit supplied by the person. The winery receiving the fruit shall be licensed by the United States alcohol and tobacco tax and trade bureau and the department and is responsible for filing all reports that relate to its wine production or manufacturing with the United States alcohol and tobacco tax and trade bureau and the department. Each person supplying the grapes or other fruit shall first apply for and receive a farm winery license and shall report to the department all volumes of wine from its custom

crush arrangements, which shall not be allocated to the gallonage of the receiving farm winery if the supplying farm winery has an active basic permit issued by the United States alcohol and tobacco tax and trade bureau.

F. On application by a farm winery licensee, the director may authorize a farm winery licensee to operate up to two remote tasting and retail premises if:

1. The wine sold at the premises is limited to wine produced or manufactured by the licensed farm winery and wines produced or manufactured by other licensed farm wineries, including wines produced or manufactured pursuant to subsections D and E of this section. The farm winery may sell wine to a consumer physically present on the premises for consumption on or off the premises. Sales of wines not produced or manufactured by the farm winery are limited to no more than twenty percent of the total sales by volume at that location. The percentage limitation shall not apply to wine produced pursuant to subsections D and E of this section.

2. The farm winery licensee:

(a) Remains responsible for the premises.

(b) Obtains approval for the premises from the local governing body before submitting an application to the department. A copy of an order from the local governing body recommending approval of the premises must be filed with the department as part of the application.

(c) Does not sublease the premises.

(d) Has an agent who is a natural person who meets the qualifications of licensure in this state.

(e) Meets the qualifications for a license pursuant to section 4-203, subsection A.

G. A farm winery licensee may hold a craft distiller license issued pursuant to section 4-205.10. The farm winery and craft distiller licensee may only produce distilled spirits up to a gallonage of one thousand gallons in a calendar year from fruit processed at the winery for the primary purpose of making wine. The farm winery and craft distiller licensee is subject to all other requirements of this section and section 4-205.10. The farm winery may provide sampling and sales of the distilled spirits pursuant to section 4-205.10, subsection C, paragraphs 2 and 3 on the same premises as the wine sampling and retail sales.

H. The farm winery is liable for any violation committed in connection with any sale or delivery of the wine. The rules adopted by the director pursuant to section 4-203, subsection J shall apply to the delivery of wine under subsection C, paragraph 9 of this section. An act or omission of any person who makes a sale or delivery of wine for a licensee under subsection C, paragraph 9 of this section is deemed to be an act or omission of the licensee for the purposes of section 4-210, subsection A, paragraph 9.

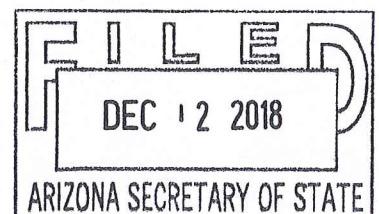
I. A farm winery that sells or delivers wine pursuant to this section shall:

1. Pay to the department of revenue all luxury taxes imposed pursuant to title 42, chapter 3 and all transaction privilege or use taxes imposed pursuant to title 42, chapter 5.

2. File all returns or reports required by law.

J. A delivery of wine by a farm winery to a purchaser in this state is a transaction deemed to have occurred in this state.

K. The director shall adopt rules in order to administer this section.



L. The director may charge an additional farm winery license fee adopted pursuant to section 4-209 for the issuance of licenses, authorizations or approvals pursuant to subsections D, E and F of this section.

M. The farm winery licensee that operates primarily as a remote tasting room premises may exchange the farm winery license for a remote tasting room license without an additional fee, not later than December 31, 2018. The new remote tasting room license must be connected to a farm winery license, with common ownership, that complies with all requirements for a farm winery license pursuant to subsections C and F of this section.

Sec. 5. Section 4-241, Arizona Revised Statutes, is amended to read
4-241. Selling or giving liquor to underage person; illegally obtaining liquor by
underage person; violation; classification; definitions

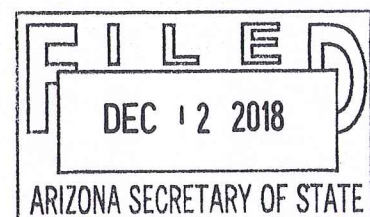
A. If a licensee, an employee of the licensee or any other person questions or has reason to question that the person ordering, purchasing, attempting to purchase or otherwise procuring or attempting to procure the serving or delivery of spirituous liquor or entering a portion of a licensed premises when the primary use is the sale or service of spirituous liquor is under the legal drinking age, the licensee, employee of the licensee or other person shall do all of the following:

- 1. Demand identification from the person.**
- 2. Examine the identification to determine that the identification reasonably appears to be a valid, unaltered identification that has not been defaced.**
- 3. Examine the photograph in the identification and determine that the person reasonably appears to be the same person in the identification.**
- 4. Determine that the date of birth in the identification indicates the person is not under the legal drinking age.**

B. A licensee or an employee of the licensee who follows the procedures prescribed in subsection A of this section and who records and retains a record of the person's identification on this particular visit is not in violation of subsection J of this section or section 4-244, paragraph 9 or 22. This defense applies to actions of the licensee and all employees of the licensee after the procedure has been employed during the particular visit to the licensed premises by the person. A licensee or an employee of the licensee is not required to demand and examine identification of a person pursuant to subsection A of this section if, during this visit to the licensed premises by the person, the licensee or any employee of the licensee has previously followed the procedure prescribed in subsection A of this section.

C. Proof that the licensee or employee followed the entire procedure prescribed in subsection A of this section but did not record and retain a record as prescribed in subsection B of this section is an affirmative defense to a criminal charge under subsection J of this section or under section 4-244, paragraph 9 or 22 or a disciplinary action under section 4-210 for a violation of subsection J of this section or section 4-244, paragraph 9 or 22. This defense applies to actions of the licensee and all employees of the licensee after the procedure has been employed during the particular visit to the licensed premises by the person.

D. A licensee or an employee who has not recorded and retained a record of the identification prescribed by subsection B of this section is presumed not to have followed any of the elements prescribed in subsection A of this section.



E. For the purposes of section 4-244, paragraph 22, a licensee or an employee who has not recorded and retained a record of the identification prescribed by subsection B of this section is presumed to know that the person entering or attempting to enter a portion of a licensed premises when the primary use is the sale or service of spirituous liquor is under the legal drinking age.

F. It is a defense to a violation of subsection A of this section if the person ordering, purchasing, attempting to purchase or otherwise procuring or attempting to procure the serving or delivery of spirituous liquor or to enter a portion of a licensed premises when the primary use is the sale or service of spirituous liquor is not under the legal drinking age.

G. A person penalized for a violation of subsection J of this section or section 4-244, paragraph 22 shall not be additionally penalized for a violation of subsection A of this section relating to the same event.

H. The defenses provided in this section do not apply to a licensee or an employee who has actual knowledge that the person exhibiting the identification is under the legal drinking age.

I. Any of the following types of records are acceptable forms for recording the person's identification:

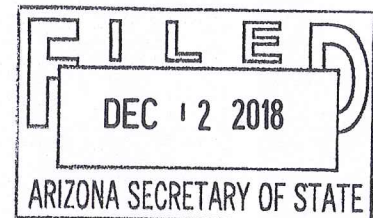
1. A writing containing the type of identification, the date of issuance of the identification, the name on the identification, the date of birth on the identification and the signature of the person.

2. An electronic file or printed document produced by a device that reads the person's age from the identification.

3. A dated and signed photocopy of the identification.

4. A photograph of the identification.

5. A digital copy of the identification.



J. An off-sale retail licensee or employee of an off-sale retail licensee shall require an instrument of identification from any customer who appears to be under twenty-seven years of age and who is using a drive-through or other physical feature of the licensed premises that allows a customer to purchase spirituous liquor without leaving the customer's vehicle.

K. The following written instruments are the only acceptable types of identification:

1. An unexpired driver license issued by this state. ~~A driver license issued to a person who is under twenty-one of age is no longer an acceptable type of identification under this paragraph thirty days after the person turns twenty-one years of age.~~

2. An unexpired driver license issued by any other state, the District of Columbia, any territory of the United States or Canada if the license includes a picture of the person and the person's date of birth.

3. An unexpired nonoperating identification license issued pursuant to section 28-3165. ~~An unexpired nonoperating license issued to a person who is under twenty-one years of age is no longer an acceptable type of identification under this paragraph thirty days after the person turns twenty-one years of age.~~

4. A form of identification license issued by any other state, the District of Columbia, any territory of the United States or Canada if the license is substantially equivalent to a nonoperating

identification license issued pursuant to section 28-3165 and includes a picture of the person and the person's date of birth.

5. An unexpired armed forces identification card that includes the person's picture and date of birth.

6. A valid unexpired passport, PASSPORT CARD, NEXUS, GLOBAL ENTRY, SENTRI or a valid unexpired resident alien card that contains a photograph of the person and the person's date of birth.

7. A VALID FINGERPRINT FOR VENDING MACHINES OR SUBSCRIPTION SERVICES IF VALID IDENTIFICATION DOCUMENTS AS NOTED IN THIS SUBSECTION HAVE ALREADY BEEN OBTAINED AND VERIFIED.

8. A THIRTY PERCENT SALES TAX SHALL APPLY TO ALL ACOHOLIC BEVERAGES, WITH 20 PERCENT TO THE STATE HIGHWAY FUND AND 10 PERCENT TO LOCAL MUNICIPALITIES THIS TAX SHALL APPLY TO THOSE UNDER TWENTY ONE YEARS OF AGE.

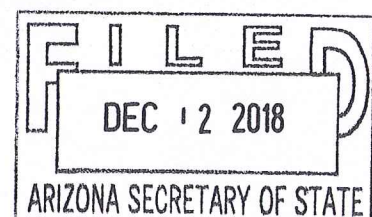
L. A person who is under the legal drinking age and who misrepresents the person's age to any person by means of a written instrument of identification with the intent to induce a person to sell, serve, give or furnish spirituous liquor contrary to law is guilty of a ~~class 1 misdemeanor~~ PETTY OFFENSE.

M. A person who is under the legal drinking age and who solicits another person to purchase, sell, give, serve or furnish spirituous liquor contrary to law is guilty of a ~~class 3 misdemeanor~~ PETTY OFFENSE.

N. A person who is under the legal drinking age and who uses a fraudulent or false written instrument of identification or identification of another person or uses a valid license or identification of another person to gain access to a licensed establishment is guilty of a ~~class 1 misdemeanor~~ PETTY OFFENSE.

~~O. A person who uses a driver or nonoperating identification license in violation of subsection L or N of this section is subject to suspension of the driver or nonoperating identification license as provided in section 28-3309. A person who does not have a valid driver or nonoperating identification license and who uses a driver or nonoperating identification license of another in violation of subsection N of this section has the person's right to apply for a driver or nonoperating identification license suspended as provided by section 28-3309.~~ ANY HABITUAL OFFENDER DEFINED AS 4 OR MORE TIMES FOR THE PURPOSE OF THIS STATUTE, FOUND IN VIOLATION OF L,M,N,OR P OF THIS SUBSECTION SHALL INSTEAD BE GUILTY OF A CLASS 2 MISDEMEANOR. AN INDIVIDUAL THAT IS AN FIRST TIME OFFENDER OF SUBSECTIONS L,M,N,P AND Q SHALL BE ELIGIBLE FOR EXPUNGMENT AFTER THE COMPLETION OF AN ALIVE AT 25 COURSE AND PAYMENT OF FINES THI S EXPUNGEMENT SHALL BE TO RESTORE SUCH PERSON TO THE STATUS OCCUPIED PRIOR TO SUCH ARREST, PLEA OR CONVICTION, AS IF SUCH EVENT HAD NEVER HAPPENED

P. A person who knowingly influences the sale, giving or serving of spirituous liquor to a person under the legal drinking age by misrepresenting the age of such person or who orders, requests, receives or procures spirituous liquor from any licensee, employee or other person with the intent of selling, giving or serving it to a person under the legal drinking age is guilty of a ~~class 1 misdemeanor~~ PETTY OFFENSE. ~~A licensee or employee of a licensee who has actual knowledge that a person is under the legal drinking age and who admits the person into any portion of the licensed premises in violation of section 4-244, paragraph 22 is in violation of this subsection. In addition to other penalties provided by law, a judge may suspend a driver license issued to or the driving privilege of a person for not more than thirty days for a first conviction and not more than six months for a second or subsequent conviction under this subsection.~~



Q. A person who is at least eighteen years of age and who is an occupant of an unlicensed premises is guilty of a class 1 misdemeanor PETTY OFFENSE if both of the following apply:

1. The person knowingly allows a gathering on such unlicensed premises of two or more persons who are under the legal drinking age and who are neither:

(a) Members of the immediate family of such person.

(b) Permanently residing with the person.

2. The person knows or should know that one or more of the persons under the legal drinking age is in possession of or consuming spirituous liquor on the unlicensed premises.

R. For the purposes of subsection Q of this section, "occupant" means a person who has legal possession or the legal right to exclude others from the unlicensed premises.

~~S. A peace officer shall forward or electronically transfer to the director of the department of transportation the affidavit required by section 28-3310 if the peace officer has arrested a person for the commission of an offense for which, on conviction, suspension of the license or privilege to operate a motor vehicle is required by section 28-3309, subsection A, B, C or D, or if the peace officer has confiscated a false identification document used by the person to gain access to licensed premises. ANY PERSON CONVICTED OF SUBSECTIONS L THROUGH Q OF THIS SUBSECTION SHALL BE REQUIRED TO TAKE A MANDATORY ALIVE AT TWENTY FIVE COURSE DETAILING THE REPERCUSSIONS OF USING A FAKE ID AND/OR SELLING TO THOSE UNDERAGE . ANY IDENTIFICATION DETERMINED TO BE FRAUDULENT BY A POLICE OFFICER MUST BE CONFISCATED AND HELD AS EVIDENCE.~~

T. A person who acts under a program of testing compliance with this title that is approved by the director is not in violation of section 4-244.

U. Law enforcement agencies may use persons who are under the legal drinking age to test compliance with this section and section 4-244, paragraph 9 by a licensee if the law enforcement agency has reasonable suspicion that the licensee is violating this section or section 4-244, paragraph 9. A person who is under the legal drinking age and who purchases or attempts to purchase spirituous liquor under the direction of a law enforcement agency pursuant to this subsection is immune from prosecution for that purchase or attempted purchase. Law enforcement agencies may use a person under the legal drinking age pursuant to this subsection only if:

1. The person is at least fifteen but not more than ~~nineteen~~ SEVENTEEN years of age.

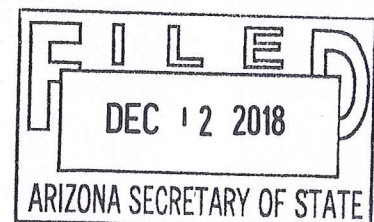
2. The person is not employed on an incentive or quota basis.

3. The person's appearance is that of a person who is under the legal drinking age.

4. A photograph of the person is taken no more than twelve hours before the purchase or attempted purchase. The photograph shall accurately depict the person's appearance and attire. A licensee or an employee of a licensee who is cited for selling spirituous liquor to a person under the legal drinking age pursuant to this subsection is allowed to inspect the photograph immediately after the citation is issued. The person's appearance at any trial or administrative hearing that results from a citation shall not be substantially different from the person's appearance at the time the citation was issued.

5. The person places, receives and pays for the person's order of spirituous liquor. An adult shall not accompany the person onto the premises of the licensee.

6. The person does not consume any spirituous liquor.



V. The department may adopt rules to carry out the purposes of this section.

Sec. 6. Section 4-244, Arizona Revised Statutes, is amended to read

4-244. Unlawful acts

It is unlawful:

1. For a person to buy for resale, sell or deal in spirituous liquors in this state without first having procured a license duly issued by the board, except that the director may issue a temporary permit of any series pursuant to section 4-205.05 to a trustee in bankruptcy to acquire and dispose of the spirituous liquor of a debtor.

2. For a person to sell or deal in alcohol for beverage purposes without first complying with this title.

3. For a distiller, vintner, brewer or wholesaler knowingly to sell, dispose of or give spirituous liquor to any person other than a licensee except in sampling wares as may be necessary in the ordinary course of business, except in donating spirituous liquor to a nonprofit organization that has obtained a special event license for the purpose of charitable fund-raising activities or except in donating spirituous liquor with a cost to the distiller, brewer or wholesaler of up to five hundred dollars in a calendar year to an organization that is exempt from federal income taxes under section 501(c)(3), (4), (6) or (7) of the internal revenue code and not licensed under this title.

4. For a distiller, vintner or brewer to require a wholesaler to offer or grant a discount to a retailer, unless the discount has also been offered and granted to the wholesaler by the distiller, vintner or brewer.

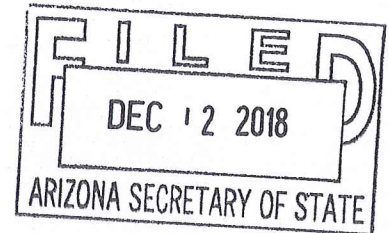
5. For a distiller, vintner or brewer to use a vehicle for trucking or transportation of spirituous liquors unless there is affixed to both sides of the vehicle a sign showing the name and address of the licensee and the type and number of the person's license in letters not less than three and one-half inches in height.

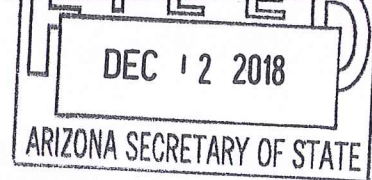
6. For a person to take or solicit orders for spirituous liquors unless the person is a salesman or solicitor of a licensed wholesaler, a salesman or solicitor of a distiller, brewer, vintner, importer or broker or a registered retail agent.

7. For any retail licensee to purchase spirituous liquors from any person other than a solicitor or salesman of a wholesaler licensed in this state.

8. For a retailer to acquire an interest in property owned, occupied or used by a wholesaler in the wholesaler's business, or in a license with respect to the premises of the wholesaler.

9. Except as provided in paragraphs 10 and 11 of this section, for a licensee or other person to sell, furnish, dispose of or give, or cause to be sold, furnished, disposed of or given, to a person under the legal drinking age or for a person under the legal drinking age to buy, receive, have in the person's possession or consume spirituous liquor. This paragraph shall not prohibit the employment by an off-sale retailer of persons who are at least sixteen years of age to check out, if supervised by a person on the premises who is at least eighteen years of age, package or carry merchandise, including spirituous





liquor, in unbroken packages, for the convenience of the customer of the employer, if the employer sells primarily merchandise other than spirituous liquor.

10. For a licensee to employ a person under eighteen years of age to manufacture, sell or dispose of spirituous liquors. This paragraph does not prohibit the employment by an off-sale retailer of persons who are at least sixteen years of age to check out, if supervised by a person on the premises who is at least eighteen years of age, package or carry merchandise, including spirituous liquor, in unbroken packages, for the convenience of the customer of the employer, if the employer sells primarily merchandise other than spirituous liquor.

11. For an on-sale retailer to employ a person under eighteen years of age in any capacity connected with the handling of spirituous liquors. This paragraph does not prohibit the employment by an on-sale retailer of a person under eighteen years of age who cleans up the tables on the premises for reuse, removes dirty dishes, keeps a ready supply of needed items and helps clean up the premises.

12. For a licensee, when engaged in waiting on or serving customers, to consume spirituous liquor or for a licensee or on-duty employee to be on or about the licensed premises while in an intoxicated or disorderly condition.

13. For an employee of a retail licensee, during that employee's working hours or in connection with such employment, to give to or purchase for any other person, accept a gift of, purchase for himself or consume spirituous liquor, except that:

(a) An employee of a licensee, during that employee's working hours or in connection with the employment, while the employee is not engaged in waiting on or serving customers, may give spirituous liquor to or purchase spirituous liquor for any other person.

(b) An employee of an on-sale retail licensee, during that employee's working hours or in connection with the employment, while the employee is not engaged in waiting on or serving customers, may taste samples of beer or wine not to exceed four ounces per day or distilled spirits not to exceed two ounces per day provided by an employee of a wholesaler or distributor who is present at the time of the sampling.

(c) An employee of an on-sale retail licensee, under the supervision of a manager as part of the employee's training and education, while not engaged in waiting on or serving customers may taste samples of distilled spirits not to exceed two ounces per educational session or beer or wine not to exceed four ounces per educational session, and provided that a licensee shall not have more than two educational sessions in any thirty-day period.

(d) An unpaid volunteer who is a bona fide member of a club and who is not engaged in waiting on or serving spirituous liquor to customers may purchase for himself and consume spirituous liquor while participating in a scheduled event at the club. An unpaid participant in a food competition may purchase for himself and consume spirituous liquor while participating in the food competition.

(e) An unpaid volunteer of a special event licensee under section 4-203.02 may purchase and consume spirituous liquor while not engaged in waiting on or serving spirituous liquor to customers at the special event. This subdivision does not apply to an unpaid volunteer whose responsibilities include verification of a person's legal drinking age, security or the operation of any vehicle or heavy machinery.

14. For a licensee or other person to serve, sell or furnish spirituous liquor to a disorderly or obviously intoxicated person, or for a licensee or employee of the licensee to allow or permit a disorderly or obviously intoxicated person to come into or remain on or about the premises, except that a licensee or an employee of the licensee may allow an obviously intoxicated person to remain on the premises for a period of time of not to exceed thirty minutes after the state of obvious intoxication

is known or should be known to the licensee in order that a nonintoxicated person may transport the obviously intoxicated person from the premises. For the purposes of this section, "obviously intoxicated" means inebriated to the extent that a person's physical faculties are substantially impaired and the impairment is shown by significantly uncoordinated physical action or significant physical dysfunction that would have been obvious to a reasonable person.

15. For an on-sale or off-sale retailer or an employee of such retailer to sell, dispose of, deliver or give spirituous liquor to a person between the hours of 2:00 a.m. and 6:00 a.m.

16. For a licensee or employee to knowingly permit any person on or about the licensed premises to give or furnish any spirituous liquor to any person under ~~twenty-one~~ EIGHTEEN years of age or knowingly permit any person under ~~twenty-one~~ EIGHTEEN years of age to have in the person's possession spirituous liquor on the licensed premises.

17. For an on-sale retailer or an employee of such retailer to allow a person to consume or possess spirituous liquors on the premises between the hours of 2:30 a.m. and 6:00 a.m.

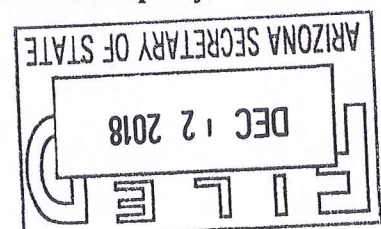
18. For an on-sale retailer to permit an employee or for an employee to solicit or encourage others, directly or indirectly, to buy the employee drinks or anything of value in the licensed premises during the employee's working hours. No on-sale retailer shall serve employees or allow a patron of the establishment to give spirituous liquor to, purchase liquor for or drink liquor with any employee during the employee's working hours.

19. For an off-sale retailer or employee to sell spirituous liquor except in the original unbroken container, to permit spirituous liquor to be consumed on the premises or to knowingly permit spirituous liquor to be consumed on adjacent property under the licensee's exclusive control.

20. For a person to consume spirituous liquor in a public place, thoroughfare or gathering. The license of a licensee permitting a violation of this paragraph on the premises shall be subject to revocation. This paragraph does not apply to the sale of spirituous liquors on the premises of and by an on-sale retailer. This paragraph also does not apply to a person consuming beer from a broken package in a public recreation area or on private property with permission of the owner or lessor or on the walkways surrounding such private property or to a person consuming beer or wine from a broken package in a public recreation area as part of a special event or festival that is conducted under a license secured pursuant to section 4-203.02 or 4-203.03.

21. For a person to have possession of or to transport spirituous liquor that is manufactured in a distillery, winery, brewery or rectifying plant contrary to the laws of the United States and this state. Any property used in transporting such spirituous liquor shall be forfeited to the state and shall be seized and disposed of as provided in section 4-221.

22. For an on-sale retailer or employee to allow a person under the legal drinking age to remain in an area on the licensed premises during those hours in which its primary use is the sale, dispensing or consumption of alcoholic beverages after the licensee, or the licensee's employees, know or should have known that the person is under the legal drinking age. An on-sale retailer may designate an area of the licensed premises as an area in which spirituous liquor will not be sold or consumed for the purpose of allowing underage persons on the premises if the designated area is separated by a physical barrier and at no time will underage persons have access to the area in which spirituous liquor is sold or consumed. A licensee or an employee of a licensee may require a person who intends to enter a licensed premises or a portion of a licensed premises where persons under the legal drinking age are prohibited under this section to exhibit a written instrument of identification that is acceptable under section 4-241 as a condition of entry. The director, or a municipality, may adopt rules to regulate the presence of underage persons on licensed premises provided the rules adopted by a municipality are more stringent than those adopted by the director. The rules adopted by the municipality shall be



adopted by local ordinance and shall not interfere with the licensee's ability to comply with this paragraph. This paragraph does not apply:

(a) If the person under the legal drinking age is accompanied by a spouse, parent or legal guardian of legal drinking age or is an on-duty employee of the licensee.

(b) If the owner, lessee or occupant of the premises is a club as defined in section 4-101, paragraph 7, subdivision (a) and the person under the legal drinking age is any of the following:

(i) An active duty military service member.

(ii) A veteran.

(iii) A member of the United States army national guard or the United States air national guard.

(iv) A member of the United States military reserve forces.

(c) To the area of the premises used primarily for the serving of food during the hours when food is served.

23. For an on-sale retailer or employee to conduct drinking contests, to sell or deliver to a person ~~an unlimited number of spirituous liquor beverages during any set period of time for a fixed price, to deliver more than fifty ounces of beer, one liter of wine or four ounces of distilled spirits in any spirituous liquor drink to one person at one time for that person's consumption or to advertise any practice prohibited by this paragraph.~~ The provisions of this paragraph do not prohibit an on-sale retailer or employee from selling and delivering an opened, original container of distilled spirits if:

(a) Service or pouring of the spirituous liquor is provided by an employee of the on-sale retailer.

(b) The employee of the on-sale retailer monitors consumption to ensure compliance with this paragraph. Locking devices may be used, but are not required.

24. For a licensee or employee to knowingly permit the unlawful possession, use, sale or offer for sale of narcotics, dangerous drugs or marijuana on the premises. For the purposes of this paragraph, "dangerous drug" has the same meaning prescribed in section 13-3401.

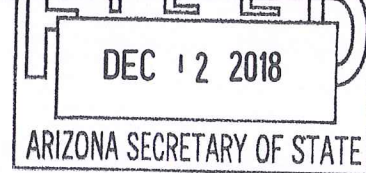
25. For a licensee or employee to knowingly permit prostitution or the solicitation of prostitution on the premises.

26. For a licensee or employee to knowingly permit unlawful gambling on the premises.

27. For a licensee or employee to knowingly permit trafficking or attempted trafficking in stolen property on the premises.

28. For a licensee or employee to fail or refuse to make the premises or records available for inspection and examination as provided in this title or to comply with a lawful subpoena issued under this title.

29. For any person other than a peace officer while on duty or off duty or a member of a sheriff's volunteer posse while on duty who has received firearms training that is approved by the Arizona peace officer standards and training board, a retired peace officer as defined in section 38-1113 or an honorably retired law enforcement officer who has been issued a certificate of firearms proficiency pursuant to section 13-3112, subsection T, the licensee or an employee of the licensee acting with the permission of the licensee to be in possession of a firearm while on the licensed premises of an on-sale retailer. This paragraph shall not be construed to include a situation in which a person is on licensed



premises for a limited time in order to seek emergency aid and such person does not buy, receive, consume or possess spirituous liquor. This paragraph shall not apply to:

- (a) Hotel or motel guest room accommodations.
- (b) The exhibition or display of a firearm in conjunction with a meeting, show, class or similar event.
- (c) A person with a permit issued pursuant to section 13-3112 who carries a concealed handgun on the licensed premises of any on-sale retailer that has not posted a notice pursuant to section 4-229.

30. For a licensee or employee to knowingly permit a person in possession of a firearm other than a peace officer while on duty or off duty or a member of a sheriff's volunteer posse while on duty who has received firearms training that is approved by the Arizona peace officer standards and training board, a retired peace officer as defined in section 38-1113 or an honorably retired law enforcement officer who has been issued a certificate of firearms proficiency pursuant to section 13-3112, subsection T, the licensee or an employee of the licensee acting with the permission of the licensee to remain on the licensed premises or to serve, sell or furnish spirituous liquor to a person in possession of a firearm while on the licensed premises of an on-sale retailer. It shall be a defense to action under this paragraph if the licensee or employee requested assistance of a peace officer to remove such person. This paragraph shall not apply to:

- (a) Hotel or motel guest room accommodations.
- (b) The exhibition or display of a firearm in conjunction with a meeting, show, class or similar event.
- (c) A person with a permit issued pursuant to section 13-3112 who carries a concealed handgun on the licensed premises of any on-sale retailer that has not posted a notice pursuant to section 4-229.

31. For any person in possession of a firearm while on the licensed premises of an on-sale retailer to consume spirituous liquor. This paragraph does not prohibit the consumption of small amounts of spirituous liquor by an undercover peace officer on assignment to investigate the licensed establishment.

32. For a licensee or employee to knowingly permit spirituous liquor to be removed from the licensed premises, except in the original unbroken package. This paragraph does not apply to any of the following:

(a) A person who removes a bottle of wine that has been partially consumed in conjunction with a purchased meal from licensed premises if a cork is inserted flush with the top of the bottle or the bottle is otherwise securely closed.

(b) A person who is in licensed premises that have noncontiguous portions that are separated by a public or private walkway or driveway and who takes spirituous liquor from one portion of the licensed premises across the public or private walkway or driveway directly to the other portion of the licensed premises.

(c) A licensee of a bar, beer and wine bar, liquor store, beer and wine store, microbrewery or restaurant that has a permit pursuant to section 4-205.02, subsection H who dispenses beer only in a clean container composed of a material approved by a national sanitation organization with a maximum capacity that does not exceed one gallon and not for consumption on the premises if:

- (i) The licensee or the licensee's employee fills the container at the tap at the time of sale.

(ii) The container is sealed and displays a government warning label.

(iii) The dispensing of that beer is not done through a drive-through or walk-up service window.

33. For a person who is obviously intoxicated to buy or attempt to buy spirituous liquor from a licensee or employee of a licensee or to consume spirituous liquor on licensed premises.

34. For a person under ~~twenty-one~~ EIGHTEEN years of age to drive or be in physical control of a motor vehicle while there is any spirituous liquor in the person's body.

35. For a person under ~~twenty-one~~ EIGHTEEN years of age to operate or be in physical control of a motorized watercraft that is underway while there is any spirituous liquor in the person's body. For the purposes of this paragraph, "underway" has the same meaning prescribed in section 5-301.

36. For a licensee, manager, employee or controlling person to purposely induce a voter, by means of alcohol, to vote or abstain from voting for or against a particular candidate or issue on an election day.

37. For a licensee to fail to report an occurrence of an act of violence to either the department or a law enforcement agency.

38. For a licensee to use a vending machine for the purpose of dispensing spirituous liquor WHEN IT DOES NOT CONTAIN A LIVE VIDEO OR FACIAL RECOGNITION VERIFICATION SYSTEM ALONG WITH VALID IDENTIFICATION DOCUMENT OR FINGERPRINT AS DEFINED IN ARS 4-241

39. For a licensee to offer for sale a wine carrying a label including a reference to Arizona or any Arizona city, town or geographic location unless at least seventy-five percent by volume of the grapes used in making the wine were grown in Arizona.

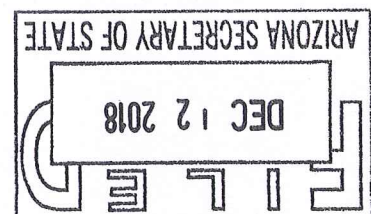
40. For a retailer to knowingly allow a customer to bring spirituous liquor onto the licensed premises, except that an on-sale retailer may allow a wine and food club to bring wine onto the premises for consumption by the club's members and guests of the club's members in conjunction with meals purchased at a meeting of the club that is conducted on the premises and that at least seven members attend. An on-sale retailer who allows wine and food clubs to bring wine onto its premises under this paragraph shall comply with all applicable provisions of this title and any rules adopted pursuant to this title to the same extent as if the on-sale retailer had sold the wine to the members of the club and their guests. For the purposes of this paragraph, "wine and food club" means an association that has more than twenty bona fide members paying at least six dollars per year in dues and that has been in existence for at least one year.

41. For a person under ~~twenty-one~~ EIGHTEEN years of age to have in the person's body any spirituous liquor. In a prosecution for a violation of this paragraph:

(a) Pursuant to section 4-249, it is a defense that the spirituous liquor was consumed in connection with the bona fide practice of a religious belief or as an integral part of a religious exercise and in a manner not dangerous to public health or safety.

(b) Pursuant to section 4-226, it is a defense that the spirituous liquor was consumed for a bona fide medicinal purpose and in a manner not dangerous to public health or safety.

42. For an employee of a licensee to accept any gratuity, compensation, remuneration or consideration of any kind to either:



(a) Permit a person who is under ~~twenty-one~~ EIGHTEEN years of age to enter any portion of the premises where that person is prohibited from entering pursuant to paragraph 22 of this section.

(b) Sell, furnish, dispose of or give spirituous liquor to a person who is under ~~twenty-one~~ EIGHTEEN years of age.

43. For a person to purchase, offer for sale or use any device, machine or process that mixes spirituous liquor with pure oxygen or another gas to produce a vaporized product for the purpose of consumption by inhalation or to allow patrons to use any item for the consumption of vaporized spirituous liquor.

44. For a retail licensee or an employee of a retail licensee to sell spirituous liquor to a person if the retail licensee or employee knows the person intends to resell the spirituous liquor.

45. Except as authorized by paragraph 32, subdivision (c) of this section, for a person to reuse a bottle or other container authorized for use by the laws of the United States or any agency of the United States for the packaging of distilled spirits or for a person to increase the original contents or a portion of the original contents remaining in a liquor bottle or other authorized container by adding any substance.

